

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

[LB10 LB16]

The Committee on Appropriations met at 1:30 p.m. on Tuesday, November 10, 2009, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB10 and LB16. Senators present: John Harms, Vice Chairperson; Danielle Conrad; Tony Fulton; Tom Hansen; Heath Mello; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: Lavon Heidemann, Chairperson. []

SENATOR HARMS: I'm going to can. I'd like to go ahead and get started with our hearing, if we could. First, let me give you some...go through some introductions and then we'll talk a little bit about the procedures. And we'll start on my right side: Jeremy Nordquist, who is not here, but will be arriving who is from District 7; and then... []

SENATOR HANSEN: I'm Tom Hansen from District 42, Lincoln County. []

SENATOR CONRAD: Danielle Conrad, north Lincoln. []

SENATOR WIGHTMAN: John Wightman, District 36, represent most of Dawson and Buffalo County. []

SENATOR HARMS: And Liz, who is with our fiscal staff, is with us today. To my immediate right would be Senator Lavon Heidemann who is the Chair, who will not be here this afternoon, so you're kind of stuck with me unfortunately. My name is John Harms. I am from Scottsbluff and represent the 48th Legislative District. To my left... []

SENATOR NELSON: I am John Nelson, I represent District 6, Legislative District 6, it's central Omaha. []

SENATOR FULTON: Tony Fulton, District 29, south Lincoln. []

SENATOR MELLO: Heath Mello, District 5, representing south Omaha and Bellevue. []

SENATOR HARMS: And our committee clerk is Anne and our page is Jamie. So if you need any information or any help, Jamie would be glad to help you. Any things run off, let her know and she will take care of any handouts that you have, make sure that we get those here. Let me just go over a couple of rules that we'd like you to follow today. Please if you have cell phones, please shut them off. Testifier sheets are to the back on the table near the back door. Fill them out completely and then put them in the box when you testify up here. It would be appreciated. Please begin your testimony by spelling your name for us. If you don't then we will probably ask you to stop a moment and spell your name for us so it's easy to track who is speaking to us. Our nontestifier sheets are also near the back door. And if you don't want to testify, you can...and want to have a record of whether you support or oppose it, it's fair. It only will work if you fill it

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

out and let us have that information. It would be helpful. As I said, if you have printed material, we need at least 12 items...12 copies would be appreciated. And our page will take care of that. We would ask that you keep this to very concise and on topic in your testimony would be very helpful. So now we will officially open up this public hearing for LB10, Senator Coash. [LB10]

SENATOR COASH: (Exhibits 1 and 2) Thank you, Vice Chair Harms and members of the Appropriations Committee. For the record, I'm Colby Coash, C-o-l-b-y C-o-a-s-h. I represent District 27 here in Lincoln. Let me talk a little bit about LB10. LB10 is a bill to place a hiring freeze on some additional surveyors of community-based facilities for people with developmental disabilities. Out of the 12 surveyors that were authorized and funded for the next biennium--eight in '09-10 and four more in 2010-11--only one at this point has been hired. This surveyor is in addition to the four who are already in place. The current surveyors would remain and the total of 11 would not be hired should this bill be enacted. So this is a hiring freeze bill. Let me give you a little bit of background. As I said, there are currently five surveyors. And the work that they do is they investigate complaints. Last year, they had 1,300 complaints and only 37 investigations. So as I was doing the research on how these surveyors are being utilized across our state, it looked like the four that we had only did 37 investigations. I work in the disability field and I understand a lot of what oversight is about. I understand the needs for oversight to keep vulnerable people safe, and I certainly wouldn't introduce this bill if I thought that we needed more surveyors to protect vulnerable citizens. In my research on this bill, I found out that they have, the department has posted these particular positions three times. In their first posting they had 70 applications, only eight of those 70 were interviewed and only one was hired. They posted it again. They had 53 applications, three interviewed, and no people were hired. And they are currently within their third posting where they have 37 applications with some additional in process, and they don't know how many of those will qualify. So out of approximately 185 applications, only one has been hired. So I kind of looked at this and said maybe we need to rethink this particular position and the need. I want to take a minute to talk about something that is in place, which is within the DD system, which is a position called the service coordinators. And service coordinators are a position through DDS that I'm very familiar with. Their job, and I looked up their job description, is oversight and monitoring as part of their job. They do a lot of things and they do amazing work. Of course, they could do more with more resources, but given their resources they do really great work. And I want to emphasize that what these service coordinators do is they're on the ground. And if you're a family member or a person with a disability who receives services, you get one of these people, these service coordinators. And that service coordinator is face-to-face with you, face-to-face with your family. They are in your service locations, whether you're served in a group home-type setting or you're served in your own setting. But you get to see these folks pretty often. There are currently about 215 of these service coordinators across the state. It looks like there will be some more to address more people coming onto...coming in the services because of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

the waiting list. And the average caseload per service coordinator is 26, so that's a pretty manageable caseload. And if you go talk, I believe, with people over at CPS, they'd love to have a 1:26 ratio to do the kind of work that they're asked to do as well. In their job description it says they coordinate and they oversee the delivery of services, including monitoring provision of services. They evaluate the delivery of direct services, determine their effectiveness and adequacy for the client, and they perform as an advocate on the behalf of clients who may be involved with adult and child protective services or other agencies. So as I looked at this and understanding how services are delivered, I really thought, is this the right time to be adding additional surveyors? And I came to the conclusion that when I looked at all the kind of oversight that is currently in place, that we ought to rethink these positions. Here's a handout that was put together to kind of outline all the different kinds of oversight that you would expect to find currently if you're receiving services through DDS. So the question I had to ask myself is, would 11 additional surveyors be the place we want to spend more of our resources? If we identify more resources, maybe we can increase training for service coordinators or support for the providers. So with that, I will open it up to any questions. [LB10]

SENATOR HARMS: Thank you for your testimony, Senator Coash. Questions? I see none. [LB10]

SENATOR COASH: Thank you. [LB10]

SENATOR HARMS: Thank you. Do we have anyone else who is here to speak in favor of LB10? [LB10]

ALAN ZAVODNY: Good afternoon, Senator Harms, members of the committee. My name is Alan Zavodny, A-l-a-n Z-a-v-o-d-n-y, and I'm the chief executive officer of NorthStar Services and also president of the Nebraska Association of Service Providers. I'm here today just to reassure you more than anything that if we don't do this, I don't think there will be harm. My bigger concern would be the message it's sending to our staff when we're struggling with those issues to hire more people and to take a look at what we're doing. I was also going to present some of the same things that Senator Coash did, but since he did that I won't do that. But we do...we get looked at every day by a lot of different angles. So not having this, I don't believe, would cause any trouble with the oversight that happens in the developmental disabilities community-based programs. And that's the only thing I wanted to reassure you of today. [LB10]

SENATOR HARMS: I want to thank you for your testimony. Do we have any questions? None. Thank you very much. Do we have anyone else who is here to support LB10? Seeing none, do we have anyone else who is opposing LB10? Do we have anybody would like to testify in a neutral capacity? Seeing none, Senator Coash waives. This then closes LB10. We will now open up LB16 for testimony. Welcome, Senator Haar.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

[LB10 LB16]

SENATOR HAAR: (Exhibit 3) Thank you. Well, thank you, Chairman Harms and members of the Appropriations Committee. And I truly appreciate your persistence in all of these meetings. I'm here today with LB16, which I understand has been found out of call. I feel a little bit like a kid who's (laugh) got their hand caught in the cookie jar or somewhere I shouldn't be. But that's up to us, I guess, whether it's out of call or not. So thanks for hearing us. This is a difficult session for me because being a first-year senator and not understanding the breadth and depth of the budget, I've been trying to look for sort of guiding principles to help me decide what I would cut and what I wouldn't cut. And a couple of these things are pretty clear to me. I don't want to hurt kids in the process, and to the largest extent possible I don't want to cut jobs or certainly programs that create jobs. And that's what led me to LB16. Of course, the reason we're here today is because the economic situation has decreased revenues to the state. And in my opinion, again looking at these principles, what we don't need to do is to take money out of the economy that would add to the unemployment. The first handout in that cluster shows the three programs: the Microenterprise Development Act; BECA, which stands for Building Entrepreneurial Communities Act; and the Ag Opportunities and Value-Added Partnerships Act are the three programs that I would like to take out of the reductions. Now again I didn't know a whole bunch about these programs and so I started to do some research. And I gave in the packet, the last three pages, some examples of these three programs and what they've done. BECA, for example, we have the Western Nebraska Entrepreneurial Initiative, which is Scotts Bluff County. And one of the impressive things about this is you notice how many people are involved in this. The Twin Cities Development Association is working with Western Nebraska Community College, Scotts Bluff County, the cities of Gering, Scottsbluff, Bridgeport, Mitchell, and so on and so forth. So there are a lot of communities working together in the BECA program. And the purpose as you see at the bottom of the first page, the one that says LB16, the purpose of BECA is to make grants to rural communities to develop new leaders, support entrepreneurship, recruit new residents, and so on. And so we see that happening. And then again--and I just sort of pulled these from random--the next one there, the picture of the guy with his beams, the Nebraska Enterprise Fund. And this is just one example. And if you go out to their Web site--I printed these off--these are all examples of programs in the Nebraska Enterprise Fund. And this one is interesting. If you look at the middle of the page, what the Enterprise Fund did was to provide technical assistance and help with the startup financing package. And this is a program, this particular one and many others, that create jobs and will continue to create jobs. And then again just sort of picking at random I found this interesting "Picked A Peck of Pickled Peppers" project from Ag Innovation and Value-Added Ag Grants. And if you look carefully at that, what this family is starting right now are part-time jobs in the Grafton area, but eventually dreams of a full-scale operation that provides permanent jobs. And so again, we have a program that provides new jobs in rural Nebraska, primarily. Now each of these programs, and if you look through that, each of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

these programs leverages additional dollars. For example, when money is invested in the BECA program, for example, it starts with an initial grant, but then you have all of the other communities that pitch in and help get other kinds of grants and so on. And one number I heard is that for every \$1 the state invests, we get \$4 of investment in these various programs. So I think that's a good deal, again creating jobs. The other thing that I found really interesting about these, if you look at the bottom of the handout that says LB16, starting on line 15, while the funding for these programs has just been all over the place, if you look for example at the Microenterprise Development Act on line 18, started in 1997 with \$250,000, then it got \$250,000, then it was cut 4 percent, \$250,000 was cut. Line 24, in 2007, it was increased to \$1.5 million, and then line 25 decreased to \$500,000. And in light of the fact that these are programs that create jobs especially in rural Nebraska I have to ask the question, does it serve any program to keep doing this kind of up and down funding? I mean, how can you count on publicizing anything? How does DED actually go out and sell these programs when we keep going up and down? I guess part of my suggestion here is that at some point we have to decide if these are important programs. And if they are, we have to give them a sustaining level of funding, otherwise people are not going to bother with them. So, I guess I believe that...not I guess, I believe that targeted economic development programs like the three covered in LB16 are our best tools to help with the current economic crisis. Now I've been scurrying around the Legislature. Our days are so short here. I've got 18 cosponsors for this bill--17, I guess, including myself, plus myself. Sixteen people said no, and usually the no is where I'm going to wait and see what happens or I don't do this, I don't co-sign bills. And then 15 people I just haven't had an opportunity to talk to. So there's a lot of support for this, protecting these three programs which we feel will protect economic development. So, I guess in conclusion then I would say that the three funds that LB16 seeks to protect leverage money for economic development and create new jobs. And during these economic times I think these are the last kind of programs that we want to consider cutting. And with that, I'd like to thank you again, even though I'm out of call, and hopefully you'll have some questions for me. [LB16]

SENATOR HARMS: Thank you, Senator Haar, for your testimony. I would like to introduce you to Senator Nordquist, who just joined us, from the 7th District. Questions? We have Senator Conrad. [LB16]

SENATOR CONRAD: Senator Haar, good afternoon and welcome to the Appropriations Committee. Regardless of the Attorney General's Opinion and whether or not LB16 is within or outside of the Governor's call in relation to this special session, no doubt the issues contemplated in LB16 are currently before this committee and ultimately the Legislature as a whole as they are part of the Governor's proposal to balance the budget in this interim session. So whether or not this committee and the body as a whole chooses whether or not to deviate from that proposal is exactly within the purview of what we're supposed to be doing in the next many days and maybe even weeks. So

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

whether or not the technical issue surrounding the call have been fully satisfied or not, I think that this is a good opportunity to address these exact issues. And I just wanted to get your feedback. I know your district is very diverse in terms of representing a component of a more metropolitan area and then also rural areas, as well, which is kind of a unique district, I think. And one thing I'm concerned about in an overall view in relation to the Governor's proposal is really the dramatic impacts on rural Nebraska contained in these ideas. And it seems to me very disproportionate in some ways in terms of how the Governor seeks to balance the budget by decimating programs that are important to rural Nebraska and/or levying additional taxes on those residents. And so I'm wondering if you could speak just generally to how you see those kinds of issues at play with the issues contemplated in your bill. [LB16]

SENATOR HAAR: Um-hum. Thank you. Yeah, thank you very much. And I guess my wife wants to know if I'll be home for Thanksgiving. (Laughter) [LB16]

SENATOR CONRAD: Let's hope we all are. [LB16]

SENATOR HAAR: Yes, my district is really interesting. Sixty-five percent is northwest Lincoln and then I have all little rural communities, small towns with Ashland, which is sort of a medium-sized town, and then a bunch of acreages and also rural. What you...the point you bring up has also concerned me. For example, if you look at the stimulus money, Lincoln got a chunk of money, Omaha got a chunk, and I'm thinking of energy funding and so on. And then for a lot of rural Nebraska it was just this pot of money and everybody went scrambling for it, you know. And in that kind of situation I think small communities are disadvantaged because, for one thing, they don't have the staff and this is a good thing. But, for example, Lincoln and Omaha had each hired a person to take care of the energy money that they got through the stimulus funds. Now small communities can't do that and to lobby for the money and all that sort of thing. So when I was trying to look at--again going back to my principles, don't hurt kids and don't hurt things that will help create economic recovery--I tried to concentrate on rural Nebraska. And that's where these things...a number of constituents talked to me very passionately about these programs. And so that's why I concentrated on these things, because I think very often rural Nebraska, because the towns are small and some of them are dying, have much more trouble getting back on their feet. And I think all three of these programs help with that. [LB16]

SENATOR CONRAD: Thank you. [LB16]

SENATOR HARMS: Thank you, Senator Conrad. Senator Hansen. [LB16]

SENATOR HANSEN: Thank you. Senator Haar, on the second page of your handout--the first page is alarming enough--but, I mean, the appropriations go up and down, up and down, up and down. It's kind of hard to tell where the programs sit. But on

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

the second page you say the BECA funds and the Ag Opportunity funds are all under contract but none has been paid out. Are those accurate statements, up-to-date and accurate statements? [LB16]

SENATOR HAAR: Well, this came from the Legislative Fiscal Analyst, and some of the people that are going to testify after can clarify that issue. [LB16]

SENATOR HANSEN: Very good. [LB16]

SENATOR HAAR: Yeah. In some cases it's a matter of when the funds are granted and so on, so I'll leave that up to the more expert. Thanks for the question though. [LB16]

SENATOR HANSEN: Thank you. [LB16]

SENATOR HARMS: Do we have any other questions? [LB16]

SENATOR HAAR: I guess I would say, I tried...I included this sheet because the question from quite a few people was, well, is the money just sitting there and not being used? And I don't think that's the case, but I think these folks will clarify that. Thank you so much for your time and for your patience. [LB16]

SENATOR HARMS: Senator Haar, thank you for your testimony. Would you like to close? [LB16]

SENATOR HAAR: I think we...no, I think not. I'll just listen. [LB16]

SENATOR HARMS: Okay. Do we have anyone else who would like to speak in favor of LB16? [LB16]

TRACI BRUCKNER: (Exhibit 4) Good afternoon. Thank you, Senator Harms and members of the committee. My name is Traci Bruckner and I'm the assistant director of the Rural Policy Program at the Center for Rural Affairs. And I'm here today to ask that you make no additional cuts in these three programs that Senator Haar just discussed: the Microenterprise Development Act, the Building Entrepreneurial Communities Act, and the Ag Opportunities and Value-Added Program. Funding for these three programs was already decreased during the regular session. You heard some of that yesterday as well. The Micro program was decreased by about two-thirds during the regular session and the BECA program has been decreased by about one-quarter. So you know, while we fully understand the need for everybody to assume some fiscal restraint and tighten our belts during these tough times, we think that cutting these programs further that are really helping support an economy, especially in rural communities, but urban communities as well, will only further jeopardize our state fiscal situation. So as we saw in the last recession, when jobs are lost by large businesses, these folks oftentimes turn

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

to microenterprise and self-employment as that opportunity to again create a living for themselves. So during 2000 and 2003, we saw jobs rise in Nebraska Microenterprise by almost 5 percent, while at the same time larger firms lost jobs by about .7 percent. And we have seen at the Center for Rural Affairs, we run a statewide small business program, and the micro programs have really seen an increase in demand, especially with this recent recession. Since January, from January to about the end of June this year our micro lending services and demand for those services are up by about 30 percent. So we're seeing this come from even existing businesses that we've already...when our small business program works with...a person who wants to start their own business, they will come to us for lending; sometimes just for technical assistance and education. But then we work to roll them over to a traditional lender. But with the tightening of the credit by traditional banks right now we're seeing some of those existing businesses even come back to us for additional lending. So, you know, that is the increase in demand for this program. And this isn't just about feel-good activities. This is about actual outcomes. Through the Microenterprise program, it's created nearly 12,000...created or retained 12,000 jobs. We've leveraged and done about \$20 million in lending. And based on that track record, our estimates show that we're getting about...we're maximizing our investment for every \$1 by about \$4. Other people have talked about BECA. You heard about that yesterday. You're going to hear again a little bit more about that. But the thing I'd like to say about BECA is this is affording rural communities the opportunity to really strengthen their community and shape their future. We have worked with communities all across Nebraska. One example that comes to mind is in Hartington and Fordyce. Those communities came together, through a BECA grant, to work together to shape their future. They created a youth leadership academy. So they're working with their youth in their high schools and creating them to be effective citizen leaders in their community when they become adults and are responsible for themselves. So this is a capacity that communities would not have without this grant program. And in our rural communities, where we really need to focus on developing that entrepreneurial spirit that is there and finding a way to foster that, that program is really beneficial in that regard. The Value-Added program, you heard a great example from Senator Haar about how that program is being used. And, I mean, that was a young man who got that Value-Added grant and he's a beginning farmer. And that enabled him to stay in farming, and they've been able to have a three-generation farm there, the Elys have because of their diversity. They embraced an entrepreneurial idea and made a living out of that. So, I guess, that's all I'd like to add today. I want to thank you for your time and your consideration. And I know you have a lot of work ahead of you and we appreciate your dedication. [LB16]

SENATOR HARMS: Senator Mello. [LB16]

SENATOR MELLO: Thank you, Chairman Harms. And thank you, Ms. Bruckner, for your testimony. Do you see that entrepreneurship is a priority of our state in the bigger scope right now of some of our economic development programs through the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

Department of Economic Development? [LB16]

TRACI BRUCKNER: It's certainly not a top priority. If you consider the investment we made in industrial recruitment versus the amount of money we put into Microenterprise, it's roughly 1 percent. So it certainly is not a current priority. [LB16]

SENATOR MELLO: And your testimony stated, similar I think to what Senator Haar in his introduction, that predominantly right now in the rural parts of our state that entrepreneurship was some of the largest job creation mechanisms or the largest job creation tool available to most rural communities right now. Is that...would that be a correct assessment from what you stated earlier? [LB16]

TRACI BRUCKNER: Yes, in rural communities, you know, a lot of the industrial recruitment efforts that happen, this is not pitting one against the other, but a lot of the industrial recruitment activities bypass rural communities. So this is a way to secure economic development within rural communities is through self-employment: microenterprise development. [LB16]

SENATOR MELLO: Okay, thank you so much. [LB16]

SENATOR HARMS: Thank you, Senator Mello. Senator Hansen. [LB16]

SENATOR HANSEN: Thank you for being here today. I have one real short example and see if the program on Ag Opportunities and Value-Added would...you would consider this as part of the \$850,000 grant program. If there's a small feedlot in western Nebraska, wants to expand from 5,000 head to 7,500 head--it's DEQ approved, it is professionally engineered--but they need roadwork. The county supervisors say, no, we don't have any extra money to repair and fix this road for the added truck traffic that would be in the area. Would that qualify for that program? [LB16]

TRACI BRUCKNER: I can't answer that right now, but I certainly could get back to you. I know it has helped people establish infrastructure, especially for high-value niche markets. I guess it depends on how the Value-Added opportunity is seen within that. But I could certainly look into that and I'd be more than happy to follow up with you. [LB16]

SENATOR HANSEN: Okay. That is the original Value-Added program in Nebraska is feeding corn to cattle. So...and it's a... [LB16]

TRACI BRUCKNER: Right. [LB16]

SENATOR HANSEN: ...a huge business in Nebraska. But we also find, run into problems with county commissioners and road budgets, because those road budgets are already set. And then we have someone that wants to expand livestock feeding in

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

the county and they can't do it because the road won't handle it. [LB16]

TRACI BRUCKNER: Right. [LB16]

SENATOR HANSEN: And so I don't know if that program would go that far for infrastructure. But if you say it does, that's a good idea. Thank you. [LB16]

TRACI BRUCKNER: Okay. I can follow up with you as well. [LB16]

SENATOR HARMS: Thank you, Senator Hansen. Are there any other questions? I do have one question I'd like to ask. Are you aware of whether Microenterprise or BECA or Ag Opportunities have any type of investments in banks that is separate and independent of the information that we're talking about today? [LB16]

TRACI BRUCKNER: You know, I heard you ask that question yesterday as I was here to listen to the testimony, and I know we're working on a response to you for that. I am not aware of that, I am not aware. I cannot answer your question right now, I'm sorry. [LB16]

SENATOR HARMS: Okay. Thank you. Well, thank you for your testimony. We appreciate it. [LB16]

TRACI BRUCKNER: Thank you. [LB16]

SENATOR HARMS: Do we have anyone else here that would like to speak in support of LB16? [LB16]

JEFF YOST: (Exhibit 5) Good afternoon, Chairman Harms, members of the committee. Thank you for having me. My name is Jeff Yost, J-e-f-f Y-o-s-t. I'm the president of the Nebraska Community Foundation. I've got...let me tell you just a touch about what the Nebraska Community Foundation is and why this matters to us. The Nebraska Community Foundation is a statewide organization. We have affiliated funds in about 70 different counties around the state, serving about 190 different places. And most of that work is primarily around helping communities to use community-based philanthropy to create new economic opportunities and to use those as people attraction opportunities. How do we stop the brain-drain? How do we stem the flow of out-migration? I was intimately involved in helping to draft some of the original language for BECA many years ago, and I continue to believe that it's one of the more important catalysts that we can have in terms of helping communities to build their own leadership capacity, to engage young people in the conversation, to help people move into business opportunities, and ultimately to help people understand the importance of giving back a portion of this massive intergenerational transfer of wealth. As one generation passes away and the kids no longer live here, many times whatever assets the parents have

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

accumulated moves away as well. So BECA, of course, is basically framed around those issues that I just enunciated. What I wanted to do today to be respectful of your time was to tell you a community story at a place that I believe BECA has made a huge difference. On the front of the newsletter that I handed out to you, there was a very, very substantial gift given through someone's estate. He passed away last year and that estate has just been settled. What I want to do is sort of walk you through the history of how that happened. As I mentioned, the Nebraska Community Foundation has affiliated funds in many, many communities around the state, many of those in Holt County, Nebraska--O'Neill, Atkinson, Stuart, that part of the state. We've been working with community leaders in those places since 1999-2000, helping them to get their community fund started and basically beginning to help them start a set of conversations around how they could have a more cooperative approach, ultimately moving towards regionalized strategies. So in 2005, we helped Stuart and Atkinson to start a joint leadership development program. The next year the folks from O'Neill joined in. Soon after that, we helped the county in all nine municipalities write an interlocal agreement to basically support the things that are enunciated in BECA: building economic development opportunities based on entrepreneurship, building out a countywide leadership program, fundamentally engaging young people on what the future of their place is going to be, and finally, helping them to use this as a better case statement to help people think about the benefits of giving back to their community within their estate. What I can report from Holt County is those results have been very successful over the years--70 graduates of our countywide leadership program in the last few years; in the last couple of years, 58 new jobs, 60 jobs retained, 14 new businesses, and 10 business expansions. BECA funding was one of the primary catalysts to help them begin to build out that capacity to help move towards those sorts of results. So I think that the important part for you to understand as policymakers is that the catalytic effect that dollars, even small dollars, \$20,000, \$30,000, \$50,000 in something like a BECA grant can have, can lead to outcomes like what you see on the front of that newsletter. When Rudy Elis passed away, he left a bequest of \$2.3 million specifically targeted towards people attraction and entrepreneurship: 40 percent of that to benefit Holt County in perpetuity, 60 percent of it to benefit Norfolk in perpetuity. Using some basic pay-out math, that's going to create about \$40,000 a year to help support that countywide economic development approach in Holt County in perpetuity. And then we're able to use that as a point of leverage for local government to stay at the table, for other donors to come forward and help fund that out. So you've gone from basically a floor of no economic development infrastructure in that county to a floor of a minimum of 2.5 FTE and some program money. You know, the important part of this is, did BECA get all that done? No, BECA didn't get all that done. BECA was a piece of the funding, the funding that we helped them to assemble to begin to build that out. But it's led to some real-life outcomes. If we have tools like BECA to do this, hopefully these sorts of outcomes can happen in dozens and dozens and dozens of Nebraska communities over the next decade or two. That's my testimony. I'd be happy to provide some... [LB16]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

SENATOR HARMS: Thank you for your testimony. Do we have any questions? Thank you for coming and testifying. [LB16]

JEFF YOST: Thank you. [LB16]

SENATOR HARMS: Do we have anyone else who would like to come forward to testify in favor or in support of LB16? Seeing none, do we have anyone who would like to testify in opposition of LB16? Seeing none, do we have anyone who would like to testify in a neutral basis on LB16? Seeing none then, Senator Haar, would you like to close? [LB16]

SENATOR HAAR: Yes, thank you very much. I'll just close by answering your question. I whispered back there and got the answer. But the reason that there's cash sitting in some of these places is because they're waiting to approve applications, which will be done in December. So the money is sitting there waiting to be handed out. And my understanding is that they've never gone for lack of applicants for this funding. [LB16]

SENATOR HARMS: Senator Conrad. [LB16]

SENATOR CONRAD: Thank you, Senator Harms. Senator Haar, just to be clear then, it's not because there's an overabundance of funds within these existing programs, it's just more of a cash flow issue in terms of why there is a balance that exists at this point in time. And really those have probably already been applied for and need to be selected and then will be sent out in the course of a regular biennial cycle? [LB16]

SENATOR HAAR: Exactly. [LB16]

SENATOR CONRAD: Because we're at the very beginning of that. [LB16]

SENATOR HAAR: Yeah. And then the other point, obviously, for example, the Microenterprise fund isn't just available to small communities. It could also be used in urban areas. [LB16]

SENATOR CONRAD: Right. Thank you. [LB16]

SENATOR HARMS: Senator Conrad, thank you. Are there any other questions? [LB16]

SENATOR HAAR: Thanks so much. [LB16]

SENATOR HARMS: Well, thank you. This officially closes the hearing on LB16 and also closes the Appropriations Committee public hearings. Thank you. [LB16]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Appropriations Committee
November 10, 2009

Disposition of Bills:

LB10 - Held in committee.

LB16 - Held in committee.

Chairperson

Committee Clerk